



# U.S. Commercial Service El Salvador

## Briefing for Expo Manufactura

US Embassy, San Salvador

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# Overview of the Manufacturing Sector

El Salvador imports most of capital goods and raw material, and the U.S. is the main trading partner.

- Manufacturing Sector contribution to GDP is 23.6% average;
- Dollarization and FTAs stimulated growth in the past 4 years;
- Industrial activity have grown mainly in the following sectors:
  - Paper and paperboard;
  - Chemical & pharmaceutical products;
  - Food and beverage
  - Textile and articles (garments not included);
  - Plastics products;
  - Metal products.

# Overview of the Manufacturing Sector

## Positive outlook:

- Industrial policy
- Service Law
- Investment promotion strategy
  - Light manufacturing
  - Electronic
- CAFTA DR tariff elimination



# CAFTA-DR Tariff Elimination on Capital Goods

- Overall, 92 percent of U.S. industrial exports will receive duty-free treatment immediately.
- Tariffs on 2 percent of exports will be eliminated over five years.
- Duties on the remaining 6 percent of U.S. exports will be eliminated over ten years. Only 1 percent of exports will be subject to non-linear tariff elimination.

# Export Opportunities

- ▶▶ Food processing machinery
- ▶▶ Packaging machinery (plastic and paper and paperboard)
- ▶▶ Printing and graphics (machinery and materials)
- ▶▶ Plastics (machinery, resins and raw materials)
- ▶▶ Metal and plastic processing machinery
- ▶▶ Pharmaceutical labs (equipment)



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